

TESTIMONY OF THE NORTHEAST CLEAN ENERGY COUNCIL

Regarding

House Bill 5563

An Act CONCERNING RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY

Submitted by

Dan Bosley, NECEC Government Relations Executive

March 7, 2016

Senate Chairman Gary Winfield, House Chairman Matthew Lesser and Members of the Banking Committee:

The Northeast Clean Energy Council (NECEC) appreciates the opportunity to comment on HB 5563, An Act Concerning Residential Property Assessed Clean Energy (R-PACE).

The NECEC is the lead voice for hundreds of clean energy companies across the Northeast, helping to grow the clean energy economy. NECEC's mission is to create a world class clean energy hub in the Northeast delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including energy efficiency, demand response, renewable energy, combined heat and power, energy storage, fuel cells and advanced and smart technologies. Many of our members are operating and investing in Connecticut, and more are interested in doing so.

NECEC strongly supports House Bill 5563, which would allow the Connecticut Green Bank to supplement your successful Commercial PACE program with a Residential PACE program. The Legislation allows the Connecticut Green Bank to establish a program that allows property owners to improve their property by addressing issues such as water conservation, waste reduction, energy efficiency, and renewable energy installations, as well as health and safety concerns or deficiencies. The R-PACE program is a financing mechanism that enables property owners to make these improvements.

The Legislation would allow communities and property owners to opt into a voluntary program, establish a private financing option, and provide authorization to enter into agreements with third party financiers.

According to studies by the Green Bank, there are roughly 1.1 million homes in Connecticut that could benefit from this program. It is forecast that the first full year of an R-PACE would generate \$100 million in economic activity; create 900 jobs to install home improvements; reduce energy use by 400,000 MWh; while reducing greenhouse gas emissions by 100,000 tons.

There are several features to the proposed Legislation that are worth noting. First, the use of third party financing means that no public funds are required for this program. This is a significant benefit as we search for the ways of funding energy programs with taxpayer or ratepayer impacts.

Second, the Green Bank or the municipality would aggregate demand for improvements, thereby lowering the cost of the program to individual property owners. Further, by allowing the owners to pay for the improvements over a period of up to 25 years as an assessment on their property taxes, the cost is more affordable to homeowners. This is important as a 2009 McKinsey study showed that financing was the single biggest obstacle to installation of energy efficiency improvements.

Finally, the program addresses the biggest impediments to the establishment of residential financing program throughout the US. It establishes a lien on the property – not a loan to the owner. It is a defining feature of this program because if homeowners are considering selling their homes in the future, future energy savings as well as the payment obligations inure to the new property owner. And the lien is subordinated to the mortgage holder and other debt existing on the property. This has been a major concern in other states for both banks holding home mortgages, as well the Federal Housing Finance Agency. This Legislation, we believe, alleviates these concerns.

NECEC thanks the Committee and urges the favorable passage of HB 5563. Connecticut will require a significant effort to meet both renewable portfolio standards and energy efficiency goals. This bill will provide support for meeting the State's climate and clean energy goals - while attracting private investment in your economy.

NECEC, and our member companies, are available as a resource for the Committee as it considers this bill. We urge the Committee and the Legislature to continue to take steps to ensure that the energy, economic and environmental benefits of clean energy are available to all customers in Connecticut.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink on a light yellow rectangular background. The signature is cursive and appears to read "Dan Bosley".

Dan Bosley
Government Relations Executive

Cc: Peter Rothstein, NECEC President
Janet Gail Besser, NECEC VP, Policy and Government Affairs